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8 UNITED STATES BANKRUPTCY COURT  
9 DISTRICT OF NEVADA

10 In re  
11 METAL RECOVERY SOLUTIONS, INC.,  
12 aka MRS, INC.,  
13 Debtor.

Case No. 20-50660-gs  
Chapter 7

DECLARATION OF DAVID  
MCMULLIN OF JEX TECHNOLOGIES,  
INC. IN SUPPORT OF 11 U.S.C § 363(m)  
FINDINGS

Hearing Date: 4/17/2023  
Hearing Time: 11:00 a.m.

15 I, David McMullin, declare as follows:

16  
17 1. I am the Chief Executive Officer of JEX Technologies Corporation, a Nevada  
18 corporation, (“**JEX**”), and I make this declaration in support of JEX’s joint backup bid for  
19 substantially all of the assets of Metal Recovery Solutions, Inc. (“**MRS**” or the “**Debtor**”).

20 2. Except for statements made “to the best of my knowledge,” I make this Declaration  
21 based on my personal knowledge and review of JEX’s regularly kept business records, and I am  
22 competent to testify to the facts herein. I will be attending the April 17 continued hearing on the  
23 Chapter 7 Trustee’s (the “**Trustee**”) Motion to Approve Sale at Docket No. 255-3 (the “**Sale**  
24 **Motion**”) and am available to answer any questions that the Court might have regarding JEX’s bid  
25 and to demonstrate its good faith.  
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1           3.       For each statement that is “to the best of my knowledge,” I have made a reasonable  
2 inquiry into the facts and report what I have learned from such inquiry.

3                               **JEX and its Relationship with the Debtor**

4           4.       As described in greater detail below, I formed JEX in July 2019 as a Nevada  
5 corporation.

6           5.       Prior to forming JEX, I was the chief executive officer of C.S. Mining, a Delaware  
7 limited liability company, which operated a copper mine in Beaver County, Utah. During that time,  
8 C.S. Mining engaged a mining consulting company called Hard Rock Consulting (“Hard Rock”)  
9 from approximately 2012 through 2016, which provided industry required consulting reports for  
10 mining operations. Mark Shonnard, a principal of Hard Rock, was my primary contact at Hard  
11 Rock.  
12

13           6.       In approximately 2016, the mining operations at the Utah mine were sold, and I  
14 began working as a consultant to several mining companies. At that time, to the best of my  
15 knowledge, Hard Rock, was providing consulting services to MRS. At some point in time, my  
16 understanding is that the services provided by Hard Rock to MRS were subsequently provided  
17 directly by Mark Shonnard to MRS.<sup>1</sup>  
18

19           7.       In approximately 2018, Mark Shonnard reached out to me regarding the Hydro-  
20 Jex™ Technology (the “*Technology*”) and introduced me to Dr. Thom Seal.  
21

22           8.       In the summer of 2018, I personally entered into a mutual non-disclosure agreement  
23 with MRS and Differential Engineering, Inc. (“*Differential*”) to assess a potential business  
24 relationship. A true and correct copy of the Mutual Non-Disclosure Agreement is attached hereto  
25 as Exhibit 1. At first, I provided business development consulting services to Differential and MRS  
26

27 <sup>1</sup> To the best of my knowledge, Mr. Shonnard held no equity or other interest in MRS or Differential (defined  
28 herein).



1 on a contract basis. In providing these services, I became familiar with the Technology and assisted  
2 in introducing the Technology to heap leaching operations in Arizona, Utah, South America, and  
3 Mexico. In early 2019, Dr. Seal approached me regarding his potential retirement, and I began  
4 negotiations with Dr. Seal regarding expanding the business relationship, including the potential to  
5 acquire the Technology.  
6

7 9. During the due diligence period, I negotiated directly with Dr. Seal. I considered a  
8 joint venture with Dr. Seal and others, but ultimately determined to form JEX. I formed JEX with  
9 Mark Shonnard and George Young. George Young, to the best of my knowledge, had no connection  
10 with the Seals, MRS, or Differential prior to commencing negotiations with the same. Further, to  
11 the best of my knowledge, Hard Rock and Mark Shonnard had ceased providing any consultation  
12 services to MRS.  
13

14 10. In July 2019, after extensive negotiations with Dr. Seal, JEX entered into the Lease  
15 with MRS for the two trailers and related equipment. JEX also entered into the Technology License  
16 Agreement and Technology Commercialization Agreement with Differential for an exclusive  
17 license to the Technology.  
18

19 11. Because Dr. Seal is the inventor of the Technology, JEX asked Dr. Seal to serve as  
20 a consultant in its operation of the same. Dr. Seal is listed as a technology officer on JEX's website,  
21 but the title is honorary only. Neither Dr. Seal nor Jette Seal are equity owners, officers, directors,  
22 employees, or board members of JEX and neither have any control over JEX or its business  
23 operations either directly or indirectly.  
24

25 12. To date, Dr. Seal has provided limited consultation to JEX's senior technical staff  
26 and management to further the Technology and improve the IP. Because the consultation services  
27 provided to date have been so limited, JEX has not provided any payment of funds to Dr. or Mrs.  
28



1 Seal, but have provided nominal reimbursements to Differential (less than \$2,000) for expenses for  
2 Dr. Seal to attend mining conferences.

3 **JEX's Bid for the Debtor's Assets**

4 13. As described at the hearing on the Sale Motion and agreed to by the Trustee, JEX  
5 has continued to perform in good faith under the terms of the Lease. Further, JEX has accurately  
6 and consistently maintained that the Technology is not and cannot be part of the assets being sold.

7 14. From the inception of this case, JEX has worked to obtain financing to make an offer  
8 to purchase the assets as they are essential to the operation of JEX's business. Although JEX is a  
9 young company, at the beginning of this year, JEX determined that it could make installment  
10 payments to the Trustee for the purchase of the assets for \$1.1 million. *See* Docket No. 252.

11 15. However, when the Trustee filed the Sale Motion with Geo-Logic Associates, Inc.  
12 ("GLA") as the proposed purchaser, JEX reached out to multiple investors (both current investors  
13 in JEX and potential new investors) to attempt to raise financing for a higher and better offer to  
14 purchase the assets. George Young and I spoke with these potential investors because we knew it  
15 was not a certainty that JEX would be the highest bidder.

16 16. One of the investors that JEX reached out to, David J. Richards, contacted Element  
17 Global, Inc. ("*Element*") and suggested that Element may be interested in purchasing the assets  
18 from the Trustee directly subject to JEX's Lease to the trailers and related equipment.

19 17. Element indirectly owns a minority interest in JEX (less than 0.5%), which it  
20 acquired in 2020 and 2021. JEX also reached out to Element regarding potential investment  
21 opportunities with JEX in early 2023, but no additional investments have been made at this time.

22 18. I informed Mr. Richards that JEX intended to bid at the Auction. I also informed  
23 Mr. Richards that if JEX was not the successful bidder, JEX's position was and is that JEX  
24 maintains all its rights under the Lease and that the Technology is not part of the assets being sold.  
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1 knowledge, any officer or employee of JEX asked the Trustee or the Debtor, at any point in time,  
2 to do anything that would interfere with the Auction process or the closing of another transaction.

3 24. No agreement or promises of cash or other value were or have been made to secure  
4 the Debtor's or Trustee's support of JEX in the Auction process, other than the prospect of resolving  
5 the adversary proceeding between the Trustee and Differential, the Seals, and Mr. Shonnard.  
6 Neither I, nor, to the best of my knowledge, any officer or employee of JEX asked these parties, at  
7 any point in time, to do anything that would interfere with the Auction process or the closing of  
8 another transaction.  
9

10 25. No agreements or promises of cash or other value were made to secure Element  
11 Global's support of JEX in the Auction process, except as disclosed above. Neither I, nor, to the  
12 best of my knowledge, any officer or employee of JEX asked Element Global to do anything that  
13 would interfere with the Auction process or the closing of another transaction, nor does JEX have  
14 any understanding or agreement with Element Global that is intended to affect the price paid for  
15 the assets by JEX or Element Global or another party for the assets.  
16


17 26. Based on my capacity with JEX, I believe that I would be aware of any  
18 understanding or agreement that might exist and that would be contrary to the statements in the  
19 foregoing paragraphs 20-23 of this Declaration.  
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21  
22 *[Remainder of page intentionally left blank]*  
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1 Under penalty of perjury, I declare that I have read the foregoing and believe that it is  
2 accurate and true.

3 DATED this 12th day of April, 2023.  
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6  
7 By:   
8 DAVID MCMULLIN  
9 Chief Executive Officer of JEX  
10 Technology Corp.  
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